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From: Kosygina, Julia
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Alexei Miller and Rovnag Abdullayev agreed to increase purchases of Azerbaijani gas

Today in St. Petersburg a working meeting was held by the Chairman of the Board of Gazprom, Alexey Miller and President of the State Oil Company of Azerbaijan Republic (SOCAR), Rovnag Abdullayev.

The meeting summed up the cooperation between the companies in 2010. Both sides agreed that the results of the co-operation between Gazprom and SOCAR in supplying gas from Azerbaijan to Russia, had been successful. It was noted in the meeting that exports to Russia constitute the most reliable and safest route for the delivery of Azeri gas.

At the meeting, it was confirmed in 2011 Gazprom will purchase 2 billion cubic meters from SOCAR, with the CEOs agreeing to develop their successful and fruitful cooperation to date, by increasing purchases in 2012 over and above the previously agreed amount in the contract signed on September 3, 2010. The sides agreed that the purchase of Azerbaijani gas will be based on a price formula, tied to the oil basket with an absence of restrictions on the volume of purchases in the long term.

Following the meeting, Miller and Abdullayev noted that the development of cooperation between Gazprom and SOCAR is in a strategically important area of cooperation between the two countries.

"Cooperation on gas issues between Azerbaijan and Russia is the most commercially viable option for both partners. There are no obstacles for Gazprom to import Azeri gas at an even larger amount than at any period of time agreed with our partners in Baku to date. In the negotiations, we agreed to increase purchases in 2012," - Alexey Miller said.

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Reference:

Azerbaijan has proven reserves of natural gas of up to 1.5 trillion cubic meters, including the Shah-Deniz field, located in the Azerbaijani sector of the Caspian Sea, which has estimated reserves of up to 1.2 trillion cubic meters of natural gas.

Natural gas consumption in Azerbaijan is around 10 billion cubic meters per year.

The State Oil Company of Azerbaijan Republic (SOCAR) is the largest state-owned petroleum company of Azerbaijan, the scope of which includes exploration, extraction, refining, transportation and the sale of oil, natural gas and gas condensate.

On October 14, 2009 Gazprom and SOCAR signed a contract for the sale of Azerbaijani gas to Russia . The first supplies of Azerbaijani gas first started to arrive in Russia via GIS Shirvanovka on 1 January 2010.

On 3 September 2010, Gazprom and SOCAR signed an addendum to the existing contract for the sale of Azerbaijani natural gas, according to which, in 2011 purchase volumes will increase by up to 2 billion cubic meters per year and from 2012 by over 2 billion cubic meters.

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